



## **Staff Report**

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RESOLUTION APPROVING THE LEASE WITH OPTION TO PURCHASE THE REMNANT PARCEL LYING EAST OF ISLAND PARKWAY, NORTH OF RALSTON AVENUE AND ADJACENT TO THE PROPERTY LEASED BY AUTOBAHN MOTORS FROM LUCAS TRUST PROPERTIES, LLC (LOCATED BETWEEN APN 040-360-400 AND APN 040-360-480) WITH LUCAS TRUST PROPERTIES, LLC

Honorable Mayor and Council Members:

### **Summary**

City Council provided direction to the City Manager to negotiate an agreement with Lucas Trust for the sale of the remnant parcel created as the result of the new Island Parkway direct access to Ralston Avenue. It has been determined that the sale of the land will create some problems with the operations of Autobahn Motors auto dealership. Council then instructed staff to negotiate a lease with an option to purchase the remnant parcel.

City Council is requested to authorize the City Manager to enter into an agreement with Lucas Trust for the lease with an option to purchase the remnant parcel.

### **Background**

The City Council on October 11, 2005 authorized the City Manager to execute documents for the sale of excess land located between APN 040-360-400 and APN 040-360-480 with Lucas Trust. The remnant parcel was created as the result of construction of the direct access of Island Parkway to Ralston Avenue that had previously provided access to the Island Park area of Belmont.

It was determined that once the property is purchased by Lucas Trust, the remnant parcel zoning would assume the underlying zoning of the adjacent property. The zoning for the adjacent property is Planned Development (PD). This created some operational issues for Autobahn Motors who wanted this land to park employee vehicles and new vehicle storage. In order for Autobahn Motors to be able to use the land as desired they would have to apply for a revision to the PD zoning. Autobahn Motors had alternative plans for the existing property leased from Lucas as well as the remnant parcel. They needed time to evaluate their needs and determine whether or not they could build a maintenance facility on this site.

It was decided that the best way to facilitate the transition was to lease the property to Lucas Trust until such time that they could submit a request to change the PD zoning on the remnant parcel to allow for parking or a combination of parking and some other use.

City Council authorized staff to negotiate a lease with an option to purchase the remnant parcel with Lucas Trust. Council indicated the lease rate was to be consistent with the lease rate for the air space currently being leased under the Island Parkway bridge structure. The purchase rate was based upon the real estate appraisal that was completed in 2004 with the appropriate increases due to inflation.

### **Discussion**

The proposed lease agreement for the property is 25 cents per square foot. The lease rate per square foot is the same price that the City is currently leasing the air space under Island Parkway to Sonic Motors. The total monthly lease payment will be \$5,112.75.

The term of the lease is from October 1, 2007 to June 30, 2008. The tenant shall have two options to extend the term for additional five (5) year periods.

The purchase price was based upon the 2004 appraisal that determined the value of the land at \$491,000. The purchase price as well as the lease rate will be adjusted by CPI should the Lucas Trust take advantage of the extended time options.

### **General Plan/Vision Statement**

No impact.

### **Fiscal Impact**

The lease agreement will generate \$5,112.75 per month or \$61,353 per annum.

### **Public Contact**

Posting of City Council agenda.

### **Recommendation**

Staff recommends approving the lease with option to purchase the remnant parcel lying east of Island Parkway, north of Ralston Avenue and adjacent to the property leased by Autobahn Motors from Lucas Trust Properties, LLC (located between APN 040-360-400 and APN 040-360-480) with Lucas Trust Properties, LLC.

### **Alternatives**

1. Take No Action
2. Refer back to staff for further information.

**Attachments**

A. Resolution

Respectfully submitted,

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Raymond E. Davis III, PE, PTOE  
Public Works Director

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Jack R. Crist  
City Manager

**Staff Contact:**

Ray Davis, Public Works Director  
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RESOLUTION NO. \_\_\_\_\_

**RESOLUTION APPROVING THE LEASE WITH OPTION TO PURCHASE THE REMNANT PARCEL LYING EAST OF ISLAND PARKWAY, NORTH OF RALSTON AVENUE AND ADJACENT TO THE PROPERTY LEASED BY AUTOBAHN MOTORS FROM LUCAS TRUST PROPERTIES, LLC (LOCATED BETWEEN APN 040-360-400 AND APN 040-360-480) WITH LUCAS TRUST PROPERTIES, LLC**

**WHEREAS**, Council provided direction to the City Manager to negotiate an agreement with Lucas Trust for the sale of the remnant parcel created as the result of the new Island Parkway direct access to Ralston Avenue; and,

**WHEREAS**, Council on October 11, 2005 authorized the City Manager to execute documents for the sale of excess land located between APN 040-360-400 and APN 040-360-480 with Lucas Trust; and,

**WHEREAS**, Council authorized staff to negotiate a lease with an option to purchase for the remnant parcel with Lucas Trust; and,

**WHEREAS**, the purchase price was based upon the 2004 appraisal that determined the value of the land at \$491,000; and,

**WHEREAS**, the term of the lease is from October 1, 2007 to June 30, 2008, and will generate \$5112.75 per month or \$61,353 per annum.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont approves the lease with option to purchase the remnant parcel lying east of Island Parkway, north of Ralston Avenue and adjacent to the property leased by Autobahn Motors from Lucas Trust Properties, LLC (located between APN 040-360-400 and APN 040-360-480) with Lucas Trust Properties, LLC.

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I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on September 25, 2007 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

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MAYOR of the City of Belmont